

AMENDED IN ASSEMBLY APRIL 6, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1974

Introduced by Assembly Member Cook

February 17, 2010

An act to amend Section ~~11005~~ *11003* of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1974, as amended, Cook. Local government ~~finance~~: *finance: vehicle license fee: administration.*

The Vehicle License Fee Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state. Under existing law, the Controller is required to allocate vehicle license fee revenues in the Motor Vehicle License Fee Account in a specified order, as provided. *Existing law further requires that the amount appropriated by the Legislature for the use of the Department of Motor Vehicles and the Franchise Tax Board for the enforcement of that law shall be transferred from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the Motor Vehicle Account in the State Transportation Fund, and requires that amount be determined so that the appropriate costs for registration and motor vehicle license fee activities are apportioned between the recipients of revenues in proportion to the revenues that would have been received by those recipients if the total fee imposed under this part was 2% of the market value of a vehicle.*

This bill would, on and after January 1, 2011, limit any increase in the payment of administrative costs to the Department of Motor Vehicles to 2% per year.

Existing law provides that a statute that imposes a requirement that a state agency submit a periodic report to the Legislature is inoperative on a date four years after the date the first report is due.

This bill would, notwithstanding that requirement, also require the Department of Motor Vehicles to annually report to the Legislature regarding the administrative costs paid under those provisions.

~~This bill would make a technical, nonsubstantive change to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 11003 of the Revenue and Taxation Code*
2 *is amended to read:*

3 11003. (a) The amount appropriated by the Legislature for the
4 use of the Department of Motor Vehicles and the Franchise Tax
5 Board for the enforcement of this part shall be transferred from
6 the Motor Vehicle License Fee Account in the Transportation Tax
7 Fund to the Motor Vehicle Account in the State Transportation
8 Fund. That amount shall be determined so that the appropriate
9 costs for registration and motor vehicle license fee activities are
10 apportioned between the recipients of revenues in proportion to
11 the revenues that would have been received by those recipients if
12 the total fee imposed under this part was 2 percent of the market
13 value of a vehicle.

14 (b) *On and after January 1, 2011, any increase in the*
15 *Department of Motor Vehicles administrative costs under this*
16 *section over the prior year's administrative costs under this section*
17 *shall not exceed 2 percent per year.*

18 (c) *Notwithstanding Section 10231.5 of the Government Code,*
19 *the Department of Motor Vehicles shall annually report to the*
20 *Legislature on its expenditures of the administrative costs,*
21 *including without limitation, the reason for any increase or*
22 *decrease in costs over the prior year.*

23 ~~SECTION 1. Section 11005 of the Revenue and Taxation Code~~
24 ~~is amended to read:~~

25 ~~11005. After payment of refunds therefrom and after making~~
26 ~~the deductions authorized by Section 11003 and reserving the~~
27 ~~amount determined necessary by the Pooled Money Investment~~

Board to meet the transfers ordered or proposed to be ordered pursuant to Section 16310 of the Government Code, commencing with the 2004-05 fiscal year, the balance of all motor vehicle license fees and any other money appropriated by law for expenditure pursuant to this section and deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund and remaining unexpended therein at the close of business on the last day of the calendar month, shall be allocated by the Controller by the 10th day of the following month in accordance with the following:

(a) First, to the County of Orange. For the 2004-05 fiscal year, that county shall be allocated fifty-four million dollars (\$54,000,000) in monthly installments. For the 2005-06 fiscal year and each fiscal year thereafter, that county shall receive, in monthly installments, an amount equal to the amount allocated under this section for the prior fiscal year, adjusted for the percentage change in the amount of revenues credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund from the revenues credited to that account in the prior fiscal year. Moneys allocated to the County of Orange under this subdivision shall be used first for the service of indebtedness as provided by paragraph (1) of subdivision (a) of Section 11001.5. Any amounts in excess of the amount required for this service of indebtedness may be used by that county for any lawful purpose.

(b) Second, to each city, the population of which is determined under Section 11005.3 on August 5, 2004, in an amount equal to the additional amount of vehicle license fee revenue, including offset transfers, that would be allocated to that city under Sections 11000 and 11005, as those sections read on January 1, 2004, as a result of that city's population being determined under subdivision (a) or (b) of Section 11005.3.

(c) Third, to each city that was incorporated from an unincorporated territory after August 5, 2004, in an amount equal to the product of the following two amounts:

(1) The quotient derived from the following fraction:

(A) The numerator is the product of the following two amounts:

(i) Fifty dollars (\$50) per year.

(ii) The fraction determined as the total amount of vehicle license fee revenue collected during the most recent fiscal year

1 divided by the total amount of vehicle license fee revenue collected
2 during the 2004–05 fiscal year.

3 (B) The denominator is the fraction determined as the actual
4 population, as defined in subdivision (e) of Section 11005.3, of
5 all cities during the most recent fiscal year, divided by the actual
6 population, as defined in subdivision (e) of Section 11005.3, of
7 all cities in the 2004–05 fiscal year.

8 (2) The city's population determined in accordance with Section
9 11005.3.

10 (d) Fourth, to each city that was incorporated before August 5,
11 2004, in an amount equal to the product of the following two
12 amounts:

13 (1) The quotient derived from the following fraction:

14 (A) The numerator is the product of the following two amounts:

15 (i) Fifty dollars (\$50) per year.

16 (ii) The fraction determined as the total amount of vehicle
17 license fee revenue collected during the most recent fiscal year
18 divided by the total amount of vehicle license fee revenue collected
19 during the 2004–05 fiscal year.

20 (B) The denominator is the fraction determined as the actual
21 population, as defined in subdivision (e) of Section 11005.3, of
22 all cities during the most recent fiscal year, divided by the actual
23 population, as defined in subdivision (e) of Section 11005.3, of
24 all cities in the 2004–05 fiscal year.

25 (2) The actual population, as defined in subdivision (e) of
26 Section 11005.3, residing in areas annexed after August 5, 2004,
27 as of the date of annexation.

28 (e) Fifth, to the cities and cities and counties of this state in the
29 proportion that the population of each city or city and county bears
30 to the total population of all cities and cities and counties in this
31 state, as determined by the Demographic Research Unit of the
32 Department of Finance. For the purpose of this subdivision, the
33 population of each city or city and county shall be determined in
34 accordance with Section 11005.3.